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Comments by the Western Center on Law and Poverty on the Recommendations of the California Performance Review

Presented By: Michael Herald, Legislative Advocate
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We appreciate the opportunity to present today to the California Performance Review Commission. We want to thank the panel for holding this public hearing and we want to thank the staff who prepared the report. It is obvious that a lot of hard work has gone into this effort. I will start by talking first about the future process of the CPR's work and then discuss our views on several CPR policy recommendations.

Western Center on Law and Poverty advocates for the rights of low-income Californians in health, housing and public assistance by working statewide for systemic change. We improve the lives of low-income people through litigation, education, legal support to social and legal services providers, legislation and policy advocacy.

Western Center works with local organizations from around the state to learn about emerging issues and develop policy responses. Western Center has a partnership with the Health Consumer Alliance (HCA), an innovative partnership of community-based organizations that provide legal services to clients in their local areas. In the San Diego area we work closely on health care issues with the Consumer Center for Health Education and Advocacy at the Legal Aid Society of San Diego. We hope the Commission will have the opportunity to hear their local perspective today during the public comment section.

Western Center is keenly interested in the work of the CPR because many of the recommendations would have a direct impact on the lives of the poorest in our state. We stand ready to assist the CPR and the Governor to "operationalize" (the CPR's choice of words) the most worthy of these recommendations. But as our comments on the CPR recommendations to Secretary Belshe noted, we believe that the list must be prioritized. The reality is that we all have limited capacity. It is important that as a state we pursue those goals where the likelihood of success is high and the rewards to the state significant. By rewards we mean both fiscally for the state and for low income persons who rely on state services. For those in the audience, our complete comments to Secretary Belshe are posted on our website, www.wclp.org

I can tell you from my own experience while working for Governor Davis on the Interagency Task Force of Homelessness and in my work on the state's Olmstead plan that it is hard to maintain the momentum it will require to implement the recommendations. The CPR and the Governor may want to consider the timing and phasing of the recommendations so that expectations are clear. It is important to recognize that some recommendations will not be accomplished quickly but will require a sustained effort by the state and other interested parties. For advocates to invest resources in major policy changes will require a showing by the Governor and the CPR that they are committed to following through.

There are three proposals that we believe should not be pursued by CPR or the Governor. They are:

- **HHS 10 Align State Law Regarding the \$50 Child Support Disregard Payments**
- **HHS 23 Streamline Oversight Requirements for Conducting Medical Survey/Audits of Health Plans**

Department of Child Support Services

In our comments to Secretary Belshe we expressed our opposition to the proposal to eliminate the pass through of the first \$50 dollars of child support to families on CalWORKs. This proposal would deprive families of critical income, likely lead to collecting less child support and runs counter to both the research and the direction of Congress which wants to expand the use of child support pass through.

One issue we did not comment on to Secretary Belshe is our concerns about the proposed transfer of the Department of Child Support Services to the new “Center on Social Services” and the proposal to allow private contractors to assume child support collections. Both the CPR report and the materials given to panel participants conclude that DCSS is “under-performing.” We would note that contrary to the view that DCSS is “under-performing,” that the department has made an important difference in the lives of families across California. By presenting a one sided view of DCSS accomplishments, it contributes to the inaccurate and negative perception about all levels of government that many hold. For the record we would note that among DCSS’ accomplishments are:

- Collections have increased by \$800 million since SFY 98-99 to a new record of \$2.4 billion in SFY 03-04, a 50% increase which substantially exceeds the national rate of increase.
- Total collections going directly to families have increase by \$970 million since SFY 98-99 to a new record of \$1.6 billion in SFY 03-04, a 65% increase.
- The average annual collections per case have increased by \$435 per case since FFY 1999 to a new record of \$1,225 in FFY 2003.

Transform Eligibility

Western Center has a particular interest in the proposal to consolidate eligibility requirements across Medi-Cal, CalWORKs and Food Stamps programs. Concepts of streamlining and simplification in these programs have been central to our policy work to assist our clients who need these programs. For this reason the idea that eligibility could be harmonized across programs without sacrificing benefits for recipients is appealing. However, while we have substantial concerns about how the details of this proposal might be conceived as it develops, we stand ready to work with the Governor and CPR to resolve them.

Key to our analysis will be the answer to the following question, will establishing uniform eligibility lead to more Californians receiving benefits or less? There are significant differences in the eligibility of the three programs. If the intent of CPR is to “level-down” to the most rigorous eligibility standard, in this case CalWORKs, then thousands of recipients could lose eligibility. Any proposal that would eliminate benefits or impose new duties will result in opposition and complicate the effort to consolidate.

We do not support the recommendation that the Healthy Family model be adopted wholesale for the proposed consolidation. There have been significant concerns raised about the Healthy Family program by a wide range of interested parties. A key concern is the lack of access to eligibility workers for recipients that has resulted in denial of benefits for recipients. The proposed consolidation of the three programs is far more complex than Healthy Family and given the history to date, we are concerned that the error rate would significantly increase. We urge the Governor and the CPR to undertake a thorough review of the Healthy Family model and other models before making any decisions.

While coordination between programs may eliminate duplication, we are concerned that centralization and privatization of eligibility processing may not result in a better product. We are concerned that a private contractor model will not allow public accountability and transparency. We encourage the Governor and the CPR to distinguish between modernization of eligibility and privatization of delivery. Our understanding of the experience of privatization in other states, particularly Florida and Texas, leads us to be skeptical of the benefits to low income families and of the cost savings attributed to privatization by CPR.

For example, in Florida the state is preparing to eliminate all eligibility workers. In Texas, the state is proposing to close 57 percent of their offices. In their place will be call centers and on-line applications which do not provide the face to face contact often needed or (in the case of Food Stamps) required to make eligibility determinations.

If state and county employees are eliminated and a private vendor is brought in, what happens if the vendor goes bankrupt or simply quits? How will recipients be able to access benefits if there are no government employees to fulfill the responsibilities? It would seem to give a contractor extraordinary leverage over the state to maintain the contract at almost any cost.

The estimates used to determine the potential savings are mostly based on educated guesses by other states but not based on hard data. In truth we do not know if this will result in savings or not. Additionally states need to insure that vendors do not share private consumer information such as purchases made with Food Stamp cards. These and other issues must be considered and resolved prior to moving to a private market vendor.

There are several additional ways other than privatization to make the process simpler for recipients that the CPR should explore to eliminate the current duplicative burdens on recipients. This proposal could improve access to services if it adopted new procedures to automatically enroll applicants in all three programs if after one eligibility function, they were deemed eligible. Currently, CalWORKs recipients automatically get Medi-Cal, but not Food Stamps. Food Stamps recipients do not automatically get Medi-Cal. However, California has the federal option to change this.

Realignment of State County Responsibilities

Western Center agrees that the current county indigent health care system and structure is inadequate in both funding and services to meet the demands of serving the population of county residents that are eligible for healthcare. The portion of the report's recommendation that suggests that medically indigent adults (MIA) could be covered by the state's Medi-Cal program is an important point that should be further examined more closely. If the state intends to assume the responsibility for MIAs this proposal could improve access or makes it simpler for

customers/clients to receive needed health care. Whether the state administered program improves access for MIAs depends primarily upon whether the safety net is kept in place.

But we have serious doubts that shifting the responsibility of providing care to these individuals to the state will in any way increase the services or access to care. The existing county safety-net health care system is essential to provide basic health care to those who have nothing else. Dismantling that safety-net system could prove harmful and even fatal to those who rely on it to stay alive. Opening up the MIA program to privatization would not in our judgment improve the quality or quantity of services to the indigent. Again we would encourage the CPR to separate the efforts to enroll more MIA's in MediCal and the efforts to privatize the delivery system.

Here are some of our questions about the realignment proposal.

- How will this shift in responsibility to the state improve client outcomes and increase access for MIAs in need of health care?
- What specific amendments to the Welfare & Institution. Code would be made?
- What single eligibility standard would be created?

Thank you for this opportunity to present our views to the Commission. We are prepared to discuss these comments and any other issues that we commented on to Secretary Belshe.